

Revenue Information Bulletin No. 15-026
July 1, 2015
Individual Income and Corporation Income Taxes
Act 131
Solar Energy Systems Tax Credit

Act 131 of the 2015 Regular Session of the Louisiana Legislature made numerous changes to the solar energy systems tax credit provided in La. R.S. 47:6030. Unless otherwise provided, these changes are effective June 19, 2015. First, Act 131 repealed the eligibility of numerous types of systems, including but not limited to solar thermal systems and solar air conditioning systems, and imposed a requirement that the solar energy system be installed on the homeowner's primary residence.

Further, Act 131 reduced the eligible base of the credit for both purchased and leased systems. For purchased systems, the credit is now equal to the lesser of: 1.) two dollars multiplied by the total size of the system as measured in DC watts, or; 2.) 50% of the first \$20,000 of the cost of purchase and installation. For leased systems, the credit is now equal to 38% of the first \$20,000. However, leased systems remain subject to a restriction that the system cost no more than two dollars per watt and provide for no more than six kilowatts of energy, meaning the maximum credit base for leased systems is \$12,000 and the maximum available credit is \$4,560 (6,000 watts x \$2.00/watt=\$12,000 x 38%=\$4,560). For both purchased and leased systems, the above restrictions apply to systems purchased and installed on or after July 1, 2015.

Finally, Act 131 establishes a credit cap for both purchased and leased systems. The credit cap for both system types establishes the maximum amount of tax credits that may be granted by the department for a given fiscal year. Further, the credits are required to be granted based on a first-come, first-served basis as determined by the taxpayer's Louisiana income tax return receive date. Any returns claiming a solar energy systems tax credit must now be filed electronically and will not be considered received for purposes of the first-come, first-served requirement until all supporting documentation is received. In the event the total amount of credits claimed in any particular fiscal year exceeds the amount authorized to be granted, the excess requests shall be treated as having been applied for on the first day of the subsequent year and the taxpayer may claim such credits by filing an original return in the subsequent fiscal year during which the taxpayer's claim has priority. All requests received on the same business day shall be treated as received at the same time, and if the aggregate amount of the requests received on a single business day exceed the total amount of available tax credits, tax credits shall be approved on a pro rata basis.

For purchased systems, the maximum amount of tax credits which may be granted by the department on any return, regardless of tax year, shall be as follows:

- For tax credits claimed on returns filed on or after July 1, 2015, and before July 1, 2016, no more than \$10 million dollars of tax credits shall be granted.
- For tax credits claimed on returns filed on or after July 1, 2016, and before July 1, 2017, no more than \$10 million dollars of tax credits shall be granted.
- For tax credits claimed on a return filed on or after July 1, 2017, no more than \$5 million dollars of tax credits shall be granted.

For leased systems, the maximum amount of tax credits which may be granted by the department on any return, regardless of tax year, shall be as follows:

- The maximum amount of tax credits for leased systems which may be granted by the department for credits not granted prior to June 1, 2015, during Fiscal Year 2014-2015 shall be \$19 million dollars.
- For tax credits claimed on returns filed on or after July 1, 2015, and before July 1, 2016, no more than \$10 million dollars of tax credits shall be granted.
- For tax credits claimed on returns filed on or after July 1, 2016, and before July 1, 2017, no more than \$10 million dollars of tax credits shall be granted.
- For tax credits claimed on a return filed on or after July 1, 2017, no more than \$5 million dollars of tax credits shall be granted.

For questions concerning this matter, please contact the Policy Services Division at (225) 219-2780. For questions concerning a taxpayer's return, please contact the Office Audit Division at (225) 219-2270.

Tim Barfield
Secretary